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UNITED STATES DEPARTMENT OF AGRICULTURE
- U.S. Commodity Stabilization Service

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CSS PRODUCTION-ADJUSTMENT PROGRAMS

General Provisions

Acreage allotments and marketing quotas are authorized by the Agricultural Adjustment Act of 1938, as amended, as a means of guiding the production and adjusting the marketed supply of "basic" farm crops in line with the effective demand. The basic crops are six: Wheat, corn, cotton, rice, peanuts, and tobacco. (Quotas, however, do not apply to corn.)

Allotments may also be used for other crops when necessary, but there are no special legislative provisions governing their establishment or size.

An acreage allotment -- whether established for the Nation, State, county, or farm -- is the number of acres estimated as necessary to produce the needed amount of a commodity. Similarly, a marketing quota is the amount of the commodity which is considered necessary to be marketed during a particular year in order to meet all effective demands and provide reserves. (The marketing quota for an individual farm is generally all the production on the farm's acreage allotment; thus the available market is divided proportionately among the growers of the crop.)

Allotments may be put into effect without quotas. Since acreage allotments are the basis for administration of marketing quotas, however, quotas cannot be in effect without allotments.

Method of Apportionment

For wheat, rice, and peanuts, a national acreage allotment is established which, at average yields, would produce enough for domestic consumption, exports, and reserve supplies. For cotton and peanuts, a national marketing quota (the amount of the crop needed to be produced the following year) is first proclaimed and then converted into a national acreage allotment. (For cotton, wheat, and peanuts, however, legislation provides minimums below which the allotment or quota may not be established, regardless of the amount needed.)

These national allotments are divided among the States producing the commodities. (States with wheat allotments of 25,000 acres or less may be designated as "outside the commercial wheat-producing area" for that marketing year. Neither wheat allotments nor quotas are applicable to farms in non-commercial States.)

State allotments for peanuts are apportioned among individual farms. State allotments for some rice States are allocated first to rice producers and then to farms. State allotments for wheat (those over 25,000 acres), cotton, and certain rice States, are apportioned among counties and then farms.

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In the case of tobacco, a national marketing quota is proclaimed, divided among tobacco-producing States, and converted to State acreage allotments, which are then divided among farms in the State.

The acreage allotment for corn — set only for the "commercial corn-producing area" — is divided directly among the counties in the area, and the county allotment is then apportioned among individual farms. Counties in the commercial corn area are (a) those in which the average production of corn (excluding corn used as silage) during the preceding 10 calendar years, after adjustments for abnormal weather conditions, is 450 bushels or more per farm and 4 bushels or more per acre of farm land in the county, and (b) all counties bordering on the commercial corn-producing area having a minor civil division likely to produce a comparable amount of corn during the year for which such area is determined. Corn allotments are not applicable to farms outside the commercial corn-producing area.

Acreage Allotments

Controlling legislation provides, generally, that the Secretary of Agriculture proclaim acreage allotments for most basic crops each year unless suspended because of emergency conditions.

Dates by which acreage allotments must be announced for basic crops are as follows: Wheat, May 15; corn, February 1; rice, December 31. (Wheat and corn allotments are effective only within commercial production areas, as determined by law.) Allotments for cotton, peanuts, and tobacco are announced in connection with marketing quotas. (See "Marketing Quotas" for dates.)

Compliance with acreage allotments is required as a condition of eligibility for price support. However, the Secretary of Agriculture is directed to provide a reasonable period of time before harvest within which any acreage of a basic crop in excess of the allotment for the crop may be adjusted by the farmer to the farm's acreage allotment.

Marketing Quotas

For most of the basic crops, the Secretary of Agriculture is directed by law to proclaim marketing quotas for a particular crop when supplies of that crop become so large that they threaten to disrupt the market. The level at which quotas must be proclaimed for a crop is specified by law. Two exceptions to this rule are: (1) Marketing quotas must be proclaimed each year for peanuts, without the requirement of a finding that the supply is above normal; and (2) if quotas are once proclaimed for a particular kind of tobacco because of large supplies, legislation requires that quotas be proclaimed for that kind of tobacco for subsequent marketing years.

Quotas may not be used unless at least two-thirds of the producers voting in a referendum approve their use. Except for tobacco and peanuts, the growers vote only on quotas for the following year. For tobacco, growers may vote on quotas for 1 year or for 3 years. For peanuts, the vote is on quotas for 3 years; if growers vote disapproval of quotas, another referendum on 3-year quotas will be held the following year.

The effect of quotas is to limit the marketing of the commodity during the marketing year and to divide the available market proportionately among the growers of the crop. When quotas are used in marketing a crop, marketings in excess of the quota are subject to penalties of so much per pound or per bushel.

Provision is made for increasing, suspending, or terminating quotas under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

If growers disapprove quotas, price supports for most basic crops may be made available to cooperators (producers who comply with acreage allotments) only at 50 percent of parity and to noncooperators at such levels, not in excess of the level for cooperators, as the Secretary determines will facilitate the effective operation of the program. If tobacco quotas are disapproved, no price support may be made available for the particular kind for which quotas were disapproved.

The level of supply of the various basic crops at which marketing quotas must be proclaimed and the dates of the proclamation and of the referendum are as follows:

<u>Crop</u>	<u>Proclamation Supply Level</u>	<u>Proclamation Date</u>	<u>Referendum Date</u>
	<u>In excess of:</u>	<u>Not later than:</u>	
Cotton (upland)	Normal supply	Oct. 15	Not later than Dec. 15
Cotton (extra long staple)	Normal supply plus 8%	Oct. 15	Not later than Dec. 15
Peanuts	Proclaimed each year; supply does not govern	Nov. 30	Not later than Dec. 15
Rice	Normal supply plus 10%	Dec. 31	Within 30 days
Tobacco	Reserve supply <u>1/</u> (Normal supply plus 5%)	Dec. 1	Within 30 days
Wheat	Normal supply plus 20%	May 15	By July 25

1/ Since quotas have been proclaimed previously for each major kind of tobacco, legislation requires that quotas be proclaimed each year without regard to the supply level. (See page 2.)

History

Acreage allotments were first used in connection with the programs carried out under the Agricultural Adjustment Act of 1933, under which farmers contracted with the Federal Government to adjust production. Beginning in 1936, allotments were established under the Agricultural Conservation Program for certain "soil-depleting" crops in an effort to encourage farmers to produce in accordance with requirements for food and fiber. In 1938, the basic legislation (Agricultural Adjustment Act of 1938) providing current programs of acreage allotments and marketing quotas was enacted. The legislative section on peanuts was added to the Act in 1941.

Prewar

Acreage allotments, which the Agricultural Adjustment Act of 1938 directs to be proclaimed each year, were used for basic crops from 1938 to 1943. During these years, marketing quotas were also used for cotton, wheat, peanuts, and tobacco, though not every year for crops other than cotton.

War Adjustments

With the beginning of World War II, the situation changed. While production of basic crops continued large, the demand for most commodities far exceeded available supplies. Acreage allotments for corn and cotton were at first relaxed and then lifted entirely, together with allotments for wheat and rice; during the year 1943, marketing quotas were terminated for the 1942 crop of wheat and for 1943 crops of wheat, cotton, fire-cured and dark air-cured tobacco, and peanuts.

From 1943 to 1949, allotments were not used as a part of the farm program except in connection with marketing quotas for certain kinds of tobacco, which were covered by special legislation during the war years. Marketing quotas were proclaimed and approved for the 1948 crop of peanuts, but were later terminated because of the world shortage of foods, fats, and oils.

Postwar

Each year from 1949 through 1954, acreage allotments and marketing quotas were in effect for peanuts and some kinds of tobacco. For 1950, allotments were in effect for all the basic crops and for dry beans and potatoes (commercial); quotas also were in effect for cotton, as well as peanuts and tobacco. For 1951, allotments for wheat and rice were in effect for a time, but were terminated early in 1951; allotments for corn were terminated before announcement of the actual allotment.

For 1954, allotments were effective for all the basic crops except rice, with quotas also being in effect for wheat and cotton, as well as for peanuts and tobacco.

1955 Program

Acreage allotments and marketing quotas are in effect for 1955 crops of wheat, cotton, peanuts, rice, and major kinds of tobacco. Acreage allotments are in effect for corn in the commercial corn-producing area (805 counties). Wheat allotments and quotas are effective only within the commercial wheat-producing area (States with allotments of more than 25,000 acres); for 1955, the commercial wheat area includes all States ~~except~~ the following 12: Arizona, Alabama, Connecticut, Florida, Louisiana, Massachusetts, Mississippi, Maine, New Hampshire, Nevada, Rhode Island, and Vermont.

Referendums on marketing quotas for 1955 crops were held on the following listed dates, with the results indicated:

<u>Crop</u>	<u>Date</u>	<u>Total Votes Cast</u>	<u>Percent "Yes" Votes of Total Cast</u>
Cotton (upland)	Dec. 14, 1955	346,542	92.0
Cotton (extra long staple)	Dec. 14, 1955	1,193	92.8
Wheat	July 23, 1954	284,646	73.3
Rice	Jan. 28, 1955	17,647	90.2
Peanuts (1954-56 crops)	Dec. 15, 1953	66,433	94.3
Tobacco:			
Flue-cured (53-55)	July 19, 1952	260,163	98.8
Burley (53-55)	Nov. 22, 1952	179,493	98.3
Fire-cured (55-57)	Dec. 14, 1954	11,560	97.5
Dark air-cured (55-57)	Dec. 14, 1954	9,428	97.1
Cigar filler & binder (54-56)	Oct. 29, 1953	3,896	89.6
Va. sun-cured (53-55)	Nov. 22, 1952	2,095	99.1
Pa. cigar filler	Dec. 17, 1954	1,895	12.2--(Quotas
Maryland	Dec. 17, 1954	5,555	51.1-disapproved)

National (commercial area for corn) acreage allotments for 1955 crops are as follows: Wheat, 55 million acres; cotton, 18,113,208 acres; corn, 49,842,697 acres; peanuts, 1,610,000 acres; rice, 1,859,099 acres; tobacco -- flue-cured, 1,009,000 acres; burley, 362,000 acres; fire-cured, 50,500 acres; dark air-cured, 20,950 acres; Virginia sun-cured, 5,750 acres; cigar-filler and binder, 47,700 acres. Allotments of 30,700 acres were announced for Pennsylvania cigar-filler, and 47,000 acres for Maryland tobacco, but growers disapproved quotas on 1955 crops of both kinds.

Eligibility for price support on any basic crop in 1955 will depend on compliance with the acreage allotment only for that crop. Exceeding an allotment for one crop will not affect support eligibility for another, and there will be no limitation on the use of diverted acres as a requirement for price-support eligibility.

Price-support levels on 1955 crops of wheat, corn, cotton, peanuts, and rice may range -- under the law -- from $82\frac{1}{2}$ to 90 percent of parity, depending on the level of supply at the time of the determination; it is expected, however, that, of the 1955 crops, the minimum support will apply only to wheat because of the large surplus stocks. Price supports for other basic commodities are expected to be in the upper part of the price-support range. Price support at 90 percent of parity is required for those kinds of tobacco for which growers have not disapproved marketing quotas; no price support may be made available for those kinds of tobacco for which growers have disapproved quotas.

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